RSG

FOREST PRODUCTS, INC.

197753

U.S. Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K Street Hwy.
Washington, DC 20423-0001

RE: Views on major rail consolidations STB Ex Parte No. 582
    BNSF/CN STB Finance Docket No. 33842

To Whom It May Concern:

RSG Forest Products is based in the Pacific Northwest. We manufacture products that are consumed in most parts of the United States. Our ability to use rail is key to our getting these products to market. On a yearly basis we ship over 7,000 car loads of lumber. This is approximately $10,000,000 of freight expense.

We have experienced severe disruptions in service with the merger of the BN/ATSF and then the UP/SP. These two mergers contributed to large costs that we as a shipper had to incur. The repercussions from the merger of these two railroads are now just beginning to settle out. We are just beginning to see increased efficiencies in both railroads in several areas. Transit times are beginning to improve and the equipment on both railroads is getting better.

With the proposed merger of the BNSF/CN there will be a new round of major railroad consolidations. This is a very well established pattern that has been played out many times over in all industries. With any further consolidation by the BNSF, the UP railroad would be forced to follow suit with a major consolidation of its own. These consolidations would lead to two major railroad systems and cause increased strains on competition. "Open access" would not be a viable solution. As with other industries, government regulation would have adverse effects. "Open access" would eliminate differential pricing and drive our transportation costs up. Furthermore, the opportunity for collusion and/or price fixing is too great a risk to allow any further mergers or consolidations.

Sincerely,

Jim D. Smith Jr.
Transportation Manager

JDS/kjw

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